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Daily Report

Latin America

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FBIS-LAT-96-028
Friday
9 February 1996

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January 1996

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Daily Report
Latin America

FBIS-LAT-96-028 9 February 1996

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Cuba

Cuban Foreign Minister, Haitian President Discuss Ties

PA0902042996 Havana PRENSA LATINA in Spanish 2356 GMT 7 Feb 96

[FBIS Translated Text] Port-au-Prince, 7 Feb (PL) — New Haitian President Rene Preval today received Cuban Foreign Minister Roberto Robaina in a special audience during which he expressed his decision to develop the recently established diplomatic relations.

The outlook for cooperation in various fields was the central aspect of the meeting, held at the residence of the new president who took office today for a five-year term.

Preval, a 52-year-old agronomist, stressed the need to develop economic and commercial ties as soon as possible, without ignoring other areas.

He voiced interest in visiting Cuba to see the island's achievements in diverse sectors. At the same time, he sent affectionate greetings to Cuban President Fidel Castro, whom he met in South Africa during the inauguration of President Nelson Mandela.

Robaina congratulated Preval on his new responsibilities and informed him of the Havana Government's willingness to send medical personnel to Haiti to improve health services in this Caribbean nation.

Expressing thanks for the offer, the new president indicated that the renewal of diplomatic relations between the two countries opens good opportunities to undertake projects of mutual benefit.

With Cuba, he said, we had fraternal relations but they needed to be formalized, in the best spirit of Caribbean integration.

Near the end of the meeting, Preval revealed his attitude toward Cuba, stating: "For the Haitians, Cuba is something special."

Yesterday, Robaina was received by outgoing President Jean-Bertrand Aristide in whose office the joint declaration to reestablish diplomatic ties was signed.

The Cuban foreign minister also held separate meetings with other chiefs of delegations invited to the inauguration.

He met with the foreign ministers of Colombia, Mexico, Venezuela, Jamaica, and the Bahamas, as well as the vice president of the Dominican Republic and the Argentine deputy foreign minister.

The Cuban minister's tight working agenda also included meetings with the Spanish secretary of state for Ibero-American cooperation, the OAS secretary general, and the UN under secretary general.

Haiti

Haiti's New President Delivers Inaugural Address 7 Feb

PA0902010696 Port-au-Prince Radio and Television Networks in French 2000 GMT 7 Feb 96

[Inaugural address by new President Rene Garcia Preval at the National Palace in Port-au-Prince on 7 February; passages within slantlines in Creole — live relay]

[FBIS Translated Text] Your Excellency Mr. President Aristide and wife; ladies and gentlemen heads of delegations from friendly countries; members of the diplomatic corps; Mr. President of the Court of Cassation; Messrs. President and Vice President of the National Assembly; Your Excellency Mrs. Prime Minister; Mr. Secretary General of the OAS; representative of the UN secretary general; representatives of the international organizations; messrs. most senior member and members of the consular corps; members of the government; honorable senators and deputies; honorable members of the Provisional Electoral Council; Mr. President of the Superior Court of Accounts and Administrative Litigations; mayors, municipal counselors, and Communal Section Administrative Council members; your graces the bishops of the Haitian Episcopal Conference; messrs. representatives of the Protestants; members of the illustrious state organizations; ladies and gentlemen; fellow countrymen, and friends:

On this same day five years ago, the provisional president handed the reins of power over to an elected president of the Republic. Today, an elected president has handed the presidential sash to another elected president in accordance with the provisions of the Constitution. Men and women of my country, do you realize that no Haitians before you had the privilege of experiencing such an event in our 183 years of history? [applause] Beyond the symbolism, this event is a bearer of hopes. A country seems to have found its way; a people seem to have conquered their fate. To get to that point, it was necessary for this people to have much courage. The hope that supported their determination in the worst moments of the ordeal has made today's celebration possible.

One man's stubborn willingness and unshakable faith, along with the courage and determination of the women and men of this country, were necessary. Without this faith and willingness, the exploit that led to this celebration would have taken more time to ensure the triumph of freedom, of all our freedom. The entire

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country will have to give the gratitude due to that man by ensuring from start to finish the democratic legality that will lead us to political modernity. For this fate he has proposed to us with fervor and the utmost convictions, let us say thank you. Thank you, Mr. President, thank you. [applause]

/Mr. President, on behalf of the Haitian people, all the Haitian people, on behalf of those who demanded the three years the putschists had stolen, on behalf of those who did not go vote, on behalf of those who went to vote, we say thank you; [applause] thanks for the examples of courage and determination you have never stopped giving us. The five years of your term have paved the way for hope. [applause] I promise the Haitian people to work continuously every day for five years so we may manage day after day to do all we can to change the Haitian people's way of life. [applause] Mr. President, democracy has been sown; democracy will be reaped.

/Haitian people, you have just waged a historic battle. As in 1804, when our ancestors defeated the colonial Army to give us independence today, we have defeated the Haitian Army, [applause] which had been keeping the country hostage since 1804. We have thus taken another step today on the way to freedom. We have a brand new chance to build our country. Let us all join hands together so this may be done. Democracy has been sown; democracy will be reaped./ [applause]

Haitians, I am wholeheartedly here before you as the result of a process. At the beginning of this term, you have entrusted me with clearheadedness and courage, vision and pragmatism, firmness and wisdom, rigor and generosity. [applause]

Since the announcement of the results of the presidential election and today's inauguration, I have gone all over the country, from the north to the south, east to west, listening to the nation. I have met with the various sectors of Haiti. I wanted to know, to understand.

Reality transcends what one can believe. A country is dying out while its people are looking for themselves as if there were a basic incompatibility between the search for life and the affirmation of rights, as if the affirmation of rights could not but end with stillborn projects and [word indistinct] hope. Beyond the political divisions, economic and social disparities that are widening, [words indistinct] the decades. I have met with the privileged people, have talked to those who are reasonably careful and who would be tempted to believe they [words indistinct] continue to enjoy the acquired rights in a country where misery assassinates hope every day. I have heard those who, demanding their rights to life, contest those privileges.

Haitians, I urge you to choose to reject fear, which bears despair, and to embrace hope, which bears life. [applause] The divisions can widen no longer. We will have to buckle down urgently in order to reduce them. How will we be able to do that if we, prisoners of our selfishness, persist in building our days on insane tensions and sleeping on indescribable anguishes? The answer to that question is a matter for us all; thus, at the beginning of my term I want to ask that question to all Haitians. [applause]

The dramatic situation Haiti is experiencing requires not solitary thoughts or short-term policies to get out of it but, rather, the coming together of intelligences, the convergence of efforts, and the desire for a collective approach to a decision. Thus, I, aware of the extent of the task awaiting my five-year term, would like to solemnly propose to all a worthy collaboration: This country belongs to us all; we will save it together. [applause] I propose a fair and loyal collaboration that already takes into account our disagreements, not making them preoccupations, especially not deeming them as final or believing they are nonnegotiable.

Haitians, at this time we are approaching five difficult but exalting years because of this double requirement: to consolidate political modernity and to build, jointly, economic modernity based on it. The choices will not be easy. I am saying it from the outset. The consolidation of democracy will require us to surpass ourselves and obligate us to reinforce and adapt the institutions to the democratic game, from the government to the Parliament, through the courts, political parties, and the press. [applause]

My first concern will be to restore the authority of the state. The opposition will play an important role to set up, modernize, and perfect certain structures. The opposition's role will be to commit to us, talk with us, criticize us. [applause] Democracy works in accordance with the rule of the majority, in absolute respect of the rights of the minorities.

Attacking the problem of insecurity will lead my five-year term in restoring the state's authority. [applause] I hope certain sectors misled by marginal political activities will understand with me the necessity of joining the democratic order once the rules of the democratic game are established, implemented, and respected. [applause] I am appealing today to their goodwill and patriotism. The authority of the state must be restored so it can be in the service of the community. It is crucial to create an environment of security that guarantees the essential conditions for the realization and continuation of the economic, social, and cultural activities of the various sectors of the society. [applause]

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The phenomenon of insecurity obviously has political roots, but we must confess that it is also linked to the overall spreading of misery. I will not linger over figures attesting to the worsening of our economy and the pauperization resulting from that. I will only acknowledge that this pauperization can lead to acts of despair. The deep inequalities of our society, the obvious injustices in relations between certain categories of citizens create the ideal conditions for certain forms of insecurity. [applause] Everyone had better reconsider one's role and function in society.

It is important that Haitian entrepreneurs and businessmen question their actions and functions in the economic sector. [applause] We must be innovative. We must find real solutions now. A boost to our national production would help solve problems such as unemployment, inflation, and the high cost of living. Investment and modernization efforts in the key areas of agriculture, agoindustry, mining, and tourism are important if we are to boost our national production. [applause] I will add to this the essential development of roads; besides the immediate advantage of creating thousands of jobs, it would be a powerful boost to the economy. It facilitates exchanges between the various parts of the country and allows a systematic development of the tourist industry.

The reinforcement and development of hotels will ensure a regular and important source of income. This development will favor a better use of local capital in this sector and might give foreign capital as well as that of Haitians living abroad a share in the country's development. The political emergencies will appear easier to manage than the economic emergencies. It is no less true—and this point must be clear, intelligible to all—that they are inseparable from one another. There will be no political progress without economic development. [applause] Any solution will require the same good faith, goodwill, concern for perseverance, stubbornness in effort, and thirst for success, as well as the same sorrows.

Our country is on the brink of collapse and, without the intelligent reforms, our generation risks leaving it in a state even more deplorable than the one in which we have found it, irreparably signing away our children's future. These essential reforms will affect all branches of public administration, and the government will have to demonstrate much imagination and creativity to forego the all-purpose and unproductive recipes and adopt management methods in accordance with the modern state that the Haitian people demand and that they certainly deserve. [applause]

Haitian people, /you gave power to Lavalas in a free and democratic election, a power aimed at changing your lives. The situation is not easy. You have requested that I bring order into the state, I tell you: Yes, Sir. [applause] You have ordered me to put an end to insecurity, we will fight for that. [applause] You have asked for jobs, you have complained about the high cost of living. [applause] Little by little, step by step the unemployment rate is decreasing and more people are finding jobs. We must start producing especially in agriculture so that the high cost of living decreases. [applause] This is the right answer. The more we produce, the more we will import and the further the high cost of living will fall. [applause]

/Haitian people, after the elections, I traveled throughout the country. We have begun talking, we will keep talking. Besides the high cost of living, besides insecurity, besides work, (?we ask) for justice. [sentence as heard] The justice machinery must be developed so that we can reap the benefits of justice. [applause] The elections of the assemblies will give you the means to personally choose good judges. [applause] For five years, the executive will always have to meet with CASEC's, mayors, deputies, and senators so the decentralization can be actually realized. [applause]

/As for the 10th Department [Haitians living abroad], remain steadfast. [applause] We will keep applauding your resistance that has given us this nice day. [applause] The dual nationality must become a reality [applause] so all Haitians — no matter where they are — can enjoy their citizens' rights. [applause] The Haitians living abroad must be able to vote in the next elections. Haitians living abroad, we will have to sit and talk either here or abroad. We will talk so that Haitians living in the country have better connections to those living abroad. [applause]

/On behalf of the Haitian people, I thank the international community and I extend condolences to the UN Mission in Haiti and the Beninese Government, for the loss of one of its mission members. With the help they have given us, we, the Haitian people, are able to say again for five years: Up with Haiti, let us fight for our self-respect, let us fight for a better future. If we all unite, we will succeed [applause] and, to repeat the words of President Jean- Bertrand Aristide, we will finish by saying: Alone, we are weak; together, we are strong; together and together, we are Lavalas. Thank you./ [applause]

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Mexico Sends Note to U.S. on Immigration Measures

PA0902050896 Mexico City XEW Television Network in Spanish 0400 GMT 9 Feb 96

[From the "24 Hours" newscast]

[FBIS Translated Text] In view of a U.S. announcement that has not been viewed as a sign of good-neighborliness, Mexico's Foreign Secretariat this evening sent a diplomatic note to the U.S. Embassy.

The note states that the Mexican Government is seriously concerned about the measures announced today by Ms. Reno. The Mexican Government stated that it is sure that measures such as the construction of a wall along the border and the toughening of police operations will not solve problems resulting from the migration phenomenon and could encourage the anti-immigrant environment that prevails in some U.S. sectors, as well as discriminatory attitudes against Mexican immigrants, and could negatively affect coexistence among border communities.

The Mexican Government said that measures such as those announced today generate tension in the exchanges between the two countries, and if this is not resolved, the progress that has been secured in various bilateral aspects could be endangered.

Mexico urged the U.S. Government to invariably consult with the other party before adopting decisions that may have repercussions on it and noted that this should be an invariable practice to be implemented between two neighboring nations that are united by many ties of cooperation.

The Mexican Government affirms that it is necessary that a genuine dialogue and negotiations prevail with regard to this issue.

Mexican Party Supporters, Police Clash in Tabasco State

PA0802140396 Mexico City Radio Red Network in Spanish 0000 GMT 8 Feb 96

[Report by Dolores Gutierrez from "The Night Monitor" newscast]

[FBIS Translated Text] [Anchorman Martin Espinoza] "The Night Monitor" has been following closely the incidents that intensified in Tabasco the last few hours during the occupation of oil wells in several towns in that state and the police/military operations that have been carried out to evict the PRD [Party of the Democratic Revolution] members who had occupied the installations.

We have already heard an interview by our correspondent Enrique Munoz with Andres Manuel Lopez Obrador, a PRD leader in Tabasco who was among those injured during the operations.

The operations continue, and the list of individuals who have been injured is getting longer. We have a live report from Nacajuca by our correspondent Dolores Gutierrez.

[Gutierrez] In the last few hours, two more clashes were reported between PRD supporters who gathered here in Huatecalco, Nacajuca, and state police officers who at noon today lifted the barricade that was obstructing the way to the [word indistinct] oil well. Approximately 20 people from both sides were injured during the two clashes that took place, one at 1530 and the other at 1700. Most of them were only slightly injured.

I can also report that a public assembly held here at the main square in Huatecalco, Nacajuca, has just ended. The assembly was scheduled to be held at the bridge where the largest group of PRD supporters had gathered, but Andres Manuel Lopez Obrador, the PRD leader here in Tabasco, decided at the last minute to move the assembly to the main square, because moods were steaming hot here after a barrage of rocks thrown by both sides took place .

During the assembly, three helicopters from the various police detachments that had been participating in the operation since noon began hovering at low altitudes, angering the PRD supporters who began hurling objects at the helicopters, which, at any rate, persisted in interrupting the public assembly.

During the assembly, Andres Manuel Lopez Obrador said the movement was a peaceful one and asked his supporters gathered here in Huatecalco from nearly all 16 state municipalities to remain calm even though he knew hot blood was flowing through their veins because of the attack of which they were a target at noon today.

Obrador called on all PRD supporters in Tabasco to gather in Huatecalco, a community that was called the center of the resistance for the autonomy and defense of Indian resources and heritage. Obrador also sent a message and raised a question to the national defense secretary:

[Begin Obrador recording] I want to ask National Defense Secretary Enrique Cervantes Aguirre if the Army's duty is to beat and attack peasants and Indians. We must not confuse the nation with the government; they are two different things. [end recording]

[Gutierrez] Nacajuca Municipal President Adan Magana Gomez has publicly announced that all sorts of maneu-

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vers are taking place at the state congress to strip the Nacajuca and Cardenas municipal authorities of their power and to have the PRD mayors replaced by two municipal councils.

Also taking part in this public assembly was PRD Senator (Auldarico Hernandez Geronimo), leader of the Chontales communities of Tabasco State. During his address, the PRD senator mentioned a proposal by some PRI senators in Mexico City today calling for his immunity to be lifted, and this is his reply:

[Begin Hernandez recording] Their proposal to strip me of my immunity makes me laugh. I [words indistinct] that is going to sink the country, that fraudulent Chamber of Senators and electoral criminals and murderers who have turned the country into what we are all experiencing today. It makes me laugh. They say they are going to [words indistinct]. I will leave when the people tell me I am no longer wanted as their senator but never by losing my mandate. [end recording].

We have just received corroboration that among those arrested in Huatacalco today is Pedro Rodriguez Ulin, a local deputy representing the municipality of Jalpa de Mendez, which a PRD governor also governs, in addition to the PRD President in Tabasco Rafael Lopez Cruz. This arrest has caused much opposition among Jalpa de Mendez PRD members who have decided, headed by their mayor, to travel to Villahermosa to the local branch of the Office of the Attorney General of the Republic and to demand respect for the constitutional immunity of Deputy Pedro Rodriguez Ulin.

This is how things have been developing in Huatacalca, where it has started to turn dark and where helicopter overflights continue uninterrupted.

It is worth noting that Mexican Army troops, Federal Judicial Police agents, State Judicial Police, and State Public Security agents in this area are guarding the rural highways.

[Espinoza] The Tabasco police have arrested only seven people so far?

[Gutierrez] Right. There is talk specifically about seven people, the most prominent of whom are the PRD president in Tabasco and a local deputy, Pedro Rodriguez Ulin, who enjoys immunity. It is for this reason why his Jalpa de Mendez followers have been charging that the deputies' constitutional immunity is being violated.

[Espinoza] Where is the general situation in the state heading? For example, what can be said about other major sites and locations in the region? [Gutierrez] Another important area in the region is the city of Villahermosa. There are other locations where oil wells are being blocked, and the PRD is reinforcing the area. The people in general are very concerned about what is taking place due to the situation occurring as well as about where the direction of this civic resistance led by the local PRD is heading. Most of all, the people agree there is difficulty in everyone speaking a common language and sitting down to try to unravel this situation. Everyone is speaking of a dialogue, yet it would seem that three languages are being spoken here, preventing them from advancing and reaching an agreement to resolve this issue.

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Honduras

Honduran Military Chief on New Role, Doctrine for Army

PA0902034596 Tegucigalpa LA TRIBUNA in Spanish 7 Feb 96 p 113

[FBIS Translated Text] Danli, El Paraiso — "The Armed Forces have assumed a new role and a new modern doctrine of equality, justice, and human solidarity. We, Hondurans, should stop destroying ourselves," General Mario Raul Hung Pacheco, commander in chief of the Honduran Armed Forces, urged yesterday during the change in command of the new military chiefs of the 110th Brigade.

"We are the sentinels of freedom, nevertheless, we should not believe that we have achieved our mission because we wear our uniforms and perform civic work. We must also get involved in the liberation of a large number of our countrymen who are struggling in the fetters of ignorance, sickness, misery, and social injustice, raising them to a level of a greater dignity in keeping with man's well-being," he entreated.

General Mario Raul Hung Pacheco assured that "the new role of the Armed Forces was conceived around freedom and peace, because that is what the people are demanding.

He also emphasized that societies "want a definite policy in which not only political freedom is possible, but in which economic development and social justice exist; in which living together democratically not only means free elections, but also conditions of equality, justice, and human solidarity. At this moment of transformation and change, each unit and garrison should be a center of patriotism and a school for patriotic upbringing and training for work so that they may become real agents for promoting mankind and a vigorous part of our national development," Hung Pacheco said.

Panama

Panama's President Selects New Canal Administrator

PA0802193296 Panama City TVN Television Network in Spanish 1600 GMT 8 Feb 96

[Report by Marisol Velasco from the "Eleven O'Clock News Minute"]

[FBIS Translated Text] President Ernesto Perez Balladares has selected Alberto Aleman Zubieta, general manager of Constructora Urbana, S.A., as the new administrator of the Panama Canal.

In a statement for TVN after meeting with President Perez Balladares, Aleman Zubieta said his appointment will be proposed to the U.S. Government:

[Begin recording] [Aleman Zubieta, in progress] ...selected by the president.

[Velasco] What are your plans as Panama Canal administrator, considering that you will assume this post during the transition process?

[Aleman Zubieta] I believe this phase is a very important one in the history of the Canal. We and all Panamanians want the transition period to end successfully, so the Canal will continue to be efficient and safe for all its users. We are in a transition process that will end on 31 December 1999, when the Canal will be transferred to Panama. We must demonstrate that we are capable of handling it as efficiently or even more efficiently than it has been up to now.

[Velasco] What do you think of changes that will be made within Canal administration, such as special laws, among other things?

[Aleman Zubieta] I believe there are vital actions that must be taken, actions which are very important to guarantee a smooth transition of the Canal without any problems or portraying a negative image to the world. We must maintain the necessary stability so the Canal can continue providing its services to all its users, which are all the countries of the world.

[Velasco] Now that you have accepted the post proposed by the president of the Republic, what steps and procedures must be followed before you officially become Panama Canal administrator?

[Aleman Zubieta] There are several steps to be followed, documents that must be sent to the United States. The U.S. President makes the appointment, which the U.S. Senate must then approve.

[Velasco] How long could this process take?

[Aleman Zubieta] We understand that this could take between two to six months. We will be submitting a number of documents starting today.

[Velasco] Has the president made any comments to you on reactions to his proposal from the United States or the U.S. Embassy?

[Aleman Zubieta] No. We have not heard anything yet. He hopes this matter will be handled swiftly, so we can begin working and following the steps taken so far by the previous administrator, Gilberto Guardia. We want to continue with the transition process, which is so important for the country. [end recording]

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Argentina

Argentine Interior Minister Welcomes FBI Cooperation

PY0902000696 Buenos Aires TELAM in Spanish 1554 GMT 5 Feb 96

[FBIS Translated Excerpt] Buenos Aires, 5 Feb (TELAM) — Interior Minister Carlos Corach today welcomed the possibility of members of the FBI (Federal Bureau of Investigation) [three preceding words in English] and national intelligence organizations establishing an exchange of information related to several cases that are being investigated, including the case of General Carlos Prats.

"We believe that it is a good thing because this type of cooperation is always welcome, especially coming from a technical organization," Corach said in remarks to Radio del Plata.

The minister responded thus when asked about the possibility of a U.S. organization exchanging information connected with the investigation into the murder of Prats, which occurred in Buenos Aires in September 1976.

The case is in the hands of Federal Judge Maria Servini de Cubria. Enrique Arancibia Clavel, a former member of the Chilean secret police (DINA), is on trial for the military man's murder. U.S. citizen Michael Townley has been accused of taking part in the murder as well. [passage omitted]

Argentina's Cavallo Denies FBI Investigating Bank Scandal

PY0902023196 Buenos Aires AMBITO FINANCIERO in Spanish 6 Feb 96 p 11

[FBIS Translated Text] Through Interior Minister Carlos Corach, the Argentine Government has expressed "its satisfaction" over the opening of an FBI (Federal Bureau of Investigations) office in Buenos Aires, as was timely reported by this newspaper. Until now, this U.S. federal government agency has been covering Uruguay, Argentina, and Chile from its office in Montevideo. Other agencies with intelligence functions, like the CIA (Central Intelligence Agency) or the DEA (Drug Enforcement Agency), which fights drug trafficking, have already installed their own delegates in Buenos Aires.

The main topics discussed during the meeting between Louis Freeh, the new FBI director, and President Carlos Menem were the opening of the FBI regional office and the increasing drug-trafficking activities in the region. After the fall of the Berlin Wall, drug trafficking — along with the growth of terrorist organizations linked with Islamic fundamentalism — became the main objective of federal U.S. agencies, including the CIA. "The Argentine National Bank [BNA] affair, in which IBM is involved, is a specific topic that is very unlikely to have been discussed with the president," an Argentine source linked with the FBI told this newspaper.

This commentary was confirmed by Economy Minister Domingo Cavallo himself to a Buenos Aires radio station, denying a report published by the newspaper CLARIN. The minister, who attended the meeting between Menem and Freeh, said that "it is foolish to say that the FBI is investigating the BNA," adding that the report is "a fabrication that is typical of the provincialism and parochialism of some Argentine commentators." Here in Davos, Cavallo added, "no comment was made on an investigation in the BNA, but on the joint action that countries must undertake against organized crime, drug trafficking, and money laundering." Freeh also met with other Latin American presidents and foreign ministers attending the meeting in Switzerland.

Actually, the investigation on the alleged responsibility of IBM in the paying of illegal commissions is being investigated by the FBI office in Montevideo. Williams Godoy, the regional FBI office chief, visited Buenos Aires and met with judge Adolfo Bagnasco, who is conducting the investigation into the Centennial project, through which a tender was made for the provision of a computerized system in the BNA for 249 million pesos, of which 89 million pesos has already been paid.

Reciprocity

The FBI investigation is being conducted within the framework of the act against corruption abroad — which forbids U.S. enterprises to pay commissions to favor their businesses — and of the terms of the Legal Reciprocity Agreement signed by our country and the United States. Under this agreement, Godoy and Lawrence Kerry last week met with Justice Secretary Elias Jassan. As of that moment, the two officials, along with the Washington and New York federal attorneys, were given access to the documents of the case. Bagnasco has similar rights, because he can have access to the FBI investigations.

The problem of corruption and narcoterrorism has become a central issue in the relations between Washington and the Mercosur [Common Market of the South] countries. It will be one of the priorities on the agenda of James Dobbins, the new U.S. ambassador to Argentina. Dobbins, who has not yet been officially confirmed, might replace James Cheek by mid-1996. The priority assigned to those issues reflects the competition between the U.S. federal investigation agencies, in which the FBI seems to be on stronger footing.

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Argentine 'Circles' Find FBI Office Plans 'Worrisome'

PY0902020196 Buenos Aires LA NACION in Spanish 6 Feb 96 p 4

[Article by Maria Elena Polack]

[FBIS Translated Text] Although the government will give a welcoming speech on the U.S. decision to open an FBI branch in Buenos Aires, the news hurt the government's feelings and raised great doubts: Does the U.S. Government have any doubts about the openness of the Carlos Menem administration, including the justice system, regarding the investigation of the informatics contract between the Argentine National Bank [BNA] and IBM?

If the FBI opens an office in Argentina, our country will be the third country to have a branch. The other countries are Colombia and Bolivia. In those countries, the concern is over drug trafficking and narcoterrorism. In any case, every U.S. diplomatic mission has FBI agents who, according to some sources, "only carry out intelligence tasks."

Officials in Government House were cautious in talking about this issue and suggested waiting for President Carlos Menem's return from Europe this morning to have a clearer picture of this case.

"It is one thing if Menem tells us that the FBI intends to open an office in Argentina and a very different thing if he tells us that the decision has already been made," said a reliable source, who also wondered if "our legislation allows such interference."

For some official circles, the FBI intention to open an office in Buenos Aires is quite worrisome. "It would be one of the most important projects for Argentina, however, it implies that we are not doing things right," a man who used to evaluate espionage issues told LA NACION.

That source warned that the first step in this regard would be taken by the United States in June with the coming of the new ambassador to our country. It has been reported that the team that will replace Ambassador James Cheek "will be made up of specialists on drug trafficking and narcoterrorism."

Beyond the uneasiness the entire government may feel, it has been emphasized that "the government will officially welcome the FBI" but that in privacy the uneasiness is disguised with political cunning. The possible coming of the FBI would not be the only bitter pill swallowed by the Menem officials. The other issue that worries many officials is the need to have reliable information on the investigation being carried out in the United States.

Since the BNA-IBM scandal broke out, which led to the resignations of Aldo Dadone and Ricardo Martorana, the heads of the two respective organizations, Hugo Gaggero has been transferred from the bank to the DGI [General Directorate of Taxation] and Angel Gianatassio has been dismissed. Therefore, many people are asking who the Argentine officials under investigation in the United States are.

It is obvious that the names of those under U.S. investigation have not been disclosed here. But the doubts are growing. A source who was consulted by this daily asked: "Are only secondary-level IBM and BNA employees involved or are there personalities with greater political influence involved?" Perhaps this question will be answered after the FBI opens an office in Argentina.

Argentina's Menem Supports FBI Presence in Country

PY0902011596 Buenos Aires LA NACION in Spanish 7 Feb 96 p 4

[FBIS Translated Excerpt] President Carlos Menem returned to the country and confirmed that the U.S. FBI will install an office in Argentina, although he did not know when this would take place. "No firm date has been set," he said.

Justifying the move, the chief of state said that "I do not see any problem with the FBI having an office here just as it has one in Brazil. To the contrary, we will be better informed and we will have the possibility of pursuing all types of criminal activity."

On his return from the Davos Summit [passage omitted], Menem explained that "all sectors of the international community have nothing but praise" for Argentina "for everything we have done and will continue to do."

Alberto Kohan, secretary general of the Presidency, stated that an agreement between Argentina and the FBI is a fact. "There is no problem at all establishing an office," he said, adding: "There was a request from the FBI director to look into the possibility of installing an FBI office in Argentina and we will see how the procedure goes, but as I have said there is no problem at all."

The official explained that "as relations between countries becomes more global, the world of business also goes global, the world of the businessman goes global, and the world of crime goes global, therefore greater cooperation must exist.

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The first reaction came from Popular Socialist Party Deputies Guillermo Estevez and Hector Polino, both of whom criticized the opening of an FBI office.

"If the intention is true then an embarrassing subordination of the republic to the power of the police of another country will be taking place, and this brings to the fore the idea that we are a colony and not an independent nation," said Estevez Boero, who is the party's leader.

Polino said that "Menem's decision, about which no one was consulted, comes within the framework of the carnal relations [relaciones carnales] we have with the United States which Menem has pursued and which completely wipes out an independent foreign policy."

Argentine Groups Voice Opposition to FBI Presence

PY0902024796 Buenos Aires TELAM in Spanish 2141 GMT 7 Feb 96

[FBIS Translated Text] Buenos Aires, 7 Feb (TELAM) — The possibility of the FBI opening an office in Argentina has generated the criticism of the UCR [Radical Civic Union] and Frepaso [Front for a Country in Solidarity], who today voiced their opposition to the project.

The UCR's National Committee is of the opinion that the installing of an office "calls for a diagnosis regarding the true form of operation of the system for the prevention and repression of crime in our country, and as a clear demonstration of the functioning of the judicial branch."

"If the government acted with efficiency and openness in the fight against drug trafficking and corruption, and the judicial branch had full autonomy to investigate and punish the criminals, then no country would be thinking of seeking the necessary information to combat crime for itself."

In a communique that was released by Vice President Melchor Posse and Juan Manuel Cassella, shadow cabinet interior minister, the UCR questioned the powers of President Menem to authorize on his own the opening of an FBI office in Argentina.

"The coordination of the fight against crime must be implemented through agreements approved by Congress, therefore Menem cannot "accept" the opening of the FBI office because he lacks the power to do so," the communique states.

The UCR also warned that the action that the U.S. police or any other foreign security organization could carry out "would not take Argentina's strategic interests into account, but only its own strategic interests."

Frepaso Deputy Horacio Viqueira, with the support of his colleagues Carlos Raimundi and Marcelo Vensentini, submitted a draft declaration in which they "flatly reject" the establishment of a permanent FBI office in our country.

"We cannot authorize the officials of a foreign power to carry out intelligence and investigative operations because that is the exclusive power, within national territory, of the organizations of the Argentine state that have been created by law," Viqueira said.

The Frepaso congressman expressed that he was "deeply concerned" about what he has interpreted as an acknowledgement of the executive branch "of the lack of capability of the government organizations to carry out their own functions."

Bolivia

Bolivian Senate Aprroves Extradition Treaty With U.S.

PY0802232196 Santa Cruz EL MUNDO in Spanish 1 Feb 96 p a23

[FBIS Translated Excerpt] La Paz, 31 Jan — The Senate today approved all three sections of the Extradition Treaty, which was signed between Bolivia and the United States. There were 17 senators in attendance and the only dissident vote was that of the only senator for Conscience of the Fatherland (Condepa).

The Extradition Treaty, which was signed on 27 June 1995, has been sent to the lower chamber, where it will be revised, and it must await the approval of the U.S. Congress before it can be implemented, according to Justice Minister Rene Blattman.

The document was approved after being held up in the Senate for six months. It received the support of the majority of the official and opposition senators, who highlighted its importance because of its reciprocity and because it introduces procedures pertaining to the legal process involved in drug-trafficking and terrorism cases.

Foreign Minister Antonio Aranibar and Justice Minister Rene Blattman participated in the session. The two ministers had met in the morning with the senators to give them an ample explanation of the implications of the treaty and to dispel any doubts and susceptibilities regarding the treaty.

The justice minister maintained that the treaty does not violate Bolivia's sovereignty. On the contrary, it is a reciprocal treaty which takes into account technical-procedural mechanisms that are contained in any treaty signed by other countries. [passage omitted]

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Bolivia: Samper, Clinton, Other Leaders Facing 'Crises'

PY0802222396 La Paz LA RAZON in Spanish 31 Jan 96 p A4

[Commentary by Paulovich: "Several Presidents Are Experiencing Crises"]

[FBIS Translated Text] In addition to Bill Clinton and Sanchez de Lozada, several other presidents are today experiencing crises around the world. Yet, with the exception of one, nearly all of them are likely to survive. The one whose days seem to be numbered is Colombian President Ernesto Samper, despite the tough battle he is putting up. In light of the fact that he has been contaminated with drug trafficking, which in high politics is tantamount to being infected with the HIV virus, he would either have to face his downfall, resign as president, or face a tragic fate.

Clinton has faced a ferocious opposition in Congress, especially regarding his social policy, but the craftiest attack was aimed at his wife Hillary, who has at all times demonstrated to be calm and competent. It seems that she will weather all these tests, including her testimony before a grand jury.

In any case, the Clintons are prepared for further attacks against them during this election year. Thus far, Clinton does not have any contender within his party. Regarding the Republican opposition, neither veteran Senator Robert Dole nor billionaire Steve Forbes — who is the new rising star in U.S. politics — is considered to be a contender.

In Bolivia, Sanchez de Lozada is facing various forms of opposition to his project designed to promote the capitalization of the hydrocarbon industry. Most of the arguments wielded by his opponents are emotional and devoid of the reasoning that should prevail by the end of the 20th century, which is already a confusing period.

A persistent attorney, who is an advocate of popular causes, has charged Sanchez de Lozada with committing "treason against the fatherland" and is trying to take his crusade to Congress. Mercurial accusations are commonplace in Bolivia, perhaps as a result of the excess of red cells produced by the human body when exposed to the altitude (let's prevent the FIFA — International Federation of Soccer Associations — from learning about this), or of a voluntary isolation from the realities of the world, which has become known as "encapsulation."

There are other presidents who are currently under heavy fire. One of them is Boris Yeltsin, president of the Russian Federation, or of "all the Russias," as it used to be said during the times of Peter the Great and Catherine the Great. Yeltsin, who is also seeking reelection, is facing difficulties precisely in one of the "Russias," that is; the combative Chechnya Republic, which consists of a curious mixture of cossacks and Muslims.

Yeltsin tried to resolve the Chechnya issue following Stalin's style; that is, through ravaging actions. Yet, it appears that that style can no longer be applied today anywhere in the world. Yeltsin's reelection is in danger. There are other presidents who are very uncomfortably sitting on their chairs. Without going too far, Ecuadoran President Duran Ballen is one example, not to mention the Nigerian assassin, whom the world would like to see removed from office; and the Greek and Turkish prime ministers, who are about to start a war in the Aegean Sea. These are signs of the huge disorder and widespread dissatisfaction that prevail in the world today as we move closer to the end of the 20th century.

Brazil

Brazilian Daily on 'Trick' Behind Report on Sivam Loan

PY0902000896 Sao Paulo FOLHA DE SAO PAULO in Portuguese 7 Feb 96 Section 1 p 5

[By Janio de Freitas: "The Disguised Decision"]

[FBIS Translated Text] Everything seems to indicate that Senator Ramez Tebet will use a trick to present a favorable report on the loan for Sivam [Amazon Region Surveillance System], but that will be disguised as a disapproval. The trick, which was obvious despite the senator's rhetoric, is to recommend a public tender for the implementation of Sivam, to contract the local industry for the additional parts of the project, and to finally approve the loan, which means to contract Raytheon.

It so happens that public works, foreign and locally made equipment, and everything that is not linked with the foreign loan, is not included in the report. They are not part of the voting that the Senate must make, either. Senators are supposed to authorize or reject the loan, and nothing else.

Senator Ramez Tebet and his Senate peers believe that he will present a report on Sivam, and that the others will vote on it. This time, however, the report will be the preamble of a judgment that the public will pass on Congress, ruling it guilty or innocent according to the destiny given to the project, a project that has been discredited from all points of view, ranging from the various plots to international subservience.

The letter that President Fernando Henrique Cardoso on 6 February sent to senators, asking them to approve

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Sivam, has amusing parts. For example, he contends that rejecting the loan offered by the U.S. Government through the Eximbank, tied to the contracting of Raytheon, would discredit Brazil.

The loss of $100 million in interest payments and fines, stemming from unused loans requested by Brazil, was reported two days ago. An additional loss will not impair the Brazilian image, if there is at all anything left to be impaired. Yet if such impairment occurs, the damage caused by the pressured approval of a project that has been linked — here and wherever it has been mentioned — with immoral managerial practice.

Another amusing point in the letter is the president's promise to adopt strict measures to guarantee that Sivam will be honestly implemented. If he did not guarantee it before the irregularities were made public, it is because either the president has been conniving — which is inadmissible — or there is no reason to expect that he will now be able to prevent them. In the final analysis, the public rejects the project not because of the possible irregularities of the future, but because of the project's current serious irregularities.

The approval of the loan does not depend only on the rapporteur. It will therefore be reasonable — according to rules regulating relations between Planalto Palace and Congress — that other Sivam supporters ask for allocations that are as big as the ones that moralizing President Fernando Henrique Cardoso earmarked for the electoral district of Ramez Tebet, in Mato Grosso do Sul.

Brazil Editorial Sees Promoters Profiting From Sivam

PY0802131496 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Feb 96 p A3

[Editorial from the "Notes and Information" page: "The Sivam Case Is Coming to an End"]

[FBIS Translated Text] President Fernando Henrique Cardoso — whose delay in taking action brought the career of a cabinet minister to an end and provoked a crisis between the executive branch and Congress — has done this time what he should have done a few months ago: He has assumed political responsibility for the Amazon Region Surveillance System [Sivam] project. In a letter sent to the Senate president, Cardoso said he is not aware of any facts that would lead him to cancel the contract with Raytheon. He also said that if the government rescinds the contract without solid reasons, it would be eroding Brazil's international credibility. Finally, he also gave his word that should irregularities be confirmed, he would rescind the contract.

The Senate special committee now has every element needed to approve the Sivam funding. The scandal has served the political interests of those who had provoked it, and opposition to the Sivam project, which was initially strong, is practically nonexistent now. Diehard opponents of Sivam have announced that they would not vote for Sivam, but noted that they would not prevent the financing from being approved either. The only hurdle that could remain would be one of a procedural nature; that is, if the senators might consider — through artificial reasoning — that the decision of the special committee is insufficient, and that it would be necessary for the Senate Economic Affairs Committee to vote on the issue too.

Because of questions concerning the Senate agenda, the special committee will not vote on the Sivam bill until 14 February. Up until then, the administration has time to dispel the last remaining questions that are troubling the spirit of the rapporteur, Senator Ramez Tebet. The conviction of the senator of Mato Grosso do Sul has been troubled by an assessment of the Sivam project made by members of the Brazilian Society for Scientific Development [SBPC], who concluded that the cost of the project may be reduced by $500 million and that Brazilian companies could fully participate in the project by manufacturing the required equipment. Initially, the SBPC sought to block the project by raising the possibility of a domestic solution to the problem of setting up an electronic surveillance system in the Amazon Region. As this idea is plausible, but not feasible, if Sivam were formulated along these lines, it would become another project that will remain on paper because the Brazilian defense materiel industry is definitely not capable of undertaking this task. Furthermore, the administration would not have any money to fund the project because the Eximbank financing is tied to the contract with Raytheon and would cease to be available as soon as Brazil cancels the contract with Raytheon.

In a belated reflection, the Aeronautics Ministry discovered that the scandal, whose promoters were unable to present concrete facts that would substantiate the cancellation of the contract and the suspension of its financing, rendered excellent services to those companies that were defeated in the selection process and even to companies that had not participated in it. The scandal has indeed benefited them. It is no less true, however, that the main beneficiaries of the Sivam case have been those congressmen who sharpened their focus on the scandal — and who today appeared as the defeated parties — only to fulfill other objectives which were far more important to them. Sivam — and we are not passing judgment here on anyone's good faith — was used as leverage to remove obstacles to regional policy inter-

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ests. An irrelevant discussion on unfeasible cuts in the project were instrumental in obtaining the disbursement of some billions to salvage the regional financial system.

When the scandal broke out — as a result of the wiretapping of the Planalto protocol chief's phone — President Cardoso thought that the target of the attacks was the Sivam project. Thus, he failed to protect other positions. Strangely enough, however, he allowed that maneuver, which was at that point joined by "opponents within the inner circle" and by the usual spokesmen of the "scientific community," to gain momentum. He went as far as committing the mistake of acknowledging the U.S. ambassador's remarks to the effect that bilateral relations would be affected by a cancellation of the contract without solid reasons. Today it is the president himself who is saying the same thing in writing: I repeat, Mr. President, that it would look very bad for Brazil if its administration reneged on earlier commitments without a solid reason because to do so would erode our international credibility.

The Sivam case is coming to an end, with the expectation that within a few days, the special Senate committee will approve the Eximbank financing. A few years from now, government officials will be able to detect or to intercept any aircraft that might invade Brazilian airspace in the Amazon Region. Most Brazilians, however, will continue to wonder why many people who had promoted the scandal were happy when nothing came out of it.

Brazilian Minister: Navy Gave Up Nuclear Submarine Plans

PY0802130996 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Feb 96 p A15

[Report by Jose Maria Tomazela]

[FBIS Translated Text] Ipero — The Navy has given up its plan to build a nuclear submarine, a project that has already absorbed a $670 million investment. This statement was made by Navy Minister Mauro Cesar Rodrigues Pereira. On 6 Februry in Ipero, 130 km from Sao Paulo, the minister said that, because of the lack of funds, the construction of the submarine is no longer a priority.

Since the program started in 1979, the only achievement was the mastery of the nuclear fuel cycle and the enrichment of uranium, which was done at the Aramar Experimental Center in Ipero. Yet to build a prototype of the submarine, the Navy will need another $500 million. "We had to redirect the project because of the shortage of funds," the minister said.

Priorities

According to Pereira, last year the federal government gave the Navy only $25 million for the nuclear project. However, to keep the nuclear submarine timetable as scheduled, the Navy needs three times that amount. For 1996, now that the project has already been reconsidered, the ministry has asked for $50 million. The funds will be invested in the two new priorities of the Navy: The use of the Aramar Experimental Center facilities for building nuclear plants for generating electricity, like the Angra plants, and the construction of conventional submarines.

On 6 February, the Navy took the first step in the energy area by sponsoring a visit of Mines and Energy Minister Raimundo Brito to Aramar. The presidents of Petrobras [Brazilian Petroleum Corporation] and Furnas [Furnas Electric Power Plants, Inc.], Joel Mendes Renno and Luiz Laercio Machado, respectively, accompanied the minister. An agreement was reached concerning the construction in Brazil of the components of the Angra 2 plant, construction of which will be resumed this year, and the construction of a prototype of a reactor for producing energy. According to Minister Brito, Angra 2 will be operating in 1999. "We will soon need the energy produced by nuclear reactors," he said.

The Navy Minister said that the nuclear submarine project can be resumed in the future. The current priority, he said, is to build the first totally Brazilian-made submarine, which will be ready in 1999 at a cost of $200 million. The project has been entrusted to the Navy arsenal facilities in Rio de Janeiro. The minister said that Brazil has already built three submarines, but with German projects. On the international market, a nuclear submarine costs approximately $1 billion. The nuclear submarine project was fully supported by the military governments of Presidents Ernesto Geisel and Joao Figueiredo, and also by former President Jose Sarney, who dedicated the Aramar center. The deceleration of the project began with the Fernando Collor administration.

Brazilian Daily Views Formulation of Security Policy

PY0802143296 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Feb 96 p A4

[From the "Highlight" column by Antonio Carlos Pereira]

[FBIS Translated Text] Either because they are incapable or unwilling, or perhaps wittingly, some presidents fail to formulate essential definitions related to national security policy (which in the past few years

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has come to be called defense policy, an expression that acquired a broader meaning than it really has). This, however, should not be an insurmountable obstacle. The Brazilian administration is organized in such a manner that the president's neglect of this subject can be compensated by the action of one or two agencies that advise Planalto Palace. They are the Strategic Affairs Secretariat, SAE, which is civilian, and the Armed Forces General Staff, EMFA, which is military. They are both formally capable of providing the president of the Republic — as if it were his own — concepts and definitions for the creation of a defense policy. By so doing, with the characteristic discretion and correction of any direct advisory agency of the presidency, they would not go beyond their purview and intended functions. On the contrary, they would be strictly complying with what is expected from them.

Then why don't they do so? The SAE was created based on the remains of the National Intelligence Service, the National Security Council General Secretariat, and the president's special advisory group [Apendice]. Such conjunction should produce something similar to the U.S. National Security Adviser's office [escritorio do assessor de seguranca dos Estados Unidos]. In practice, the SAE never worked because very diverse functions were concentrated in a single secretary, and because political circumstances, which prevail until the present, cause the work of the SAE chiefs to be tarnished with the gruesome aspect of their inheritance. Some SAE chiefs did not want to include in their curriculum vitae the command of the intelligence service; others did not have the support of the president of the Republic, most of whom doubted the real nature of the SAE's advice. The SAE, therefore, was never able to function as a national security adviser.

As of the end of the Castelo Branco administration, the EMFA was conceived as the embryo of the Defense Ministry. It never ceased being a fourth link of the military structure and, what is worse, it never managed to be an integration agent among the three Armed Forces branches. Halfway through the Jose Sarney administration, the EMFA publicly assumed the role of representing the Armed Forces as if it were a trade union, given that one of its legal duties is to look after its salaries. Such an image prevailed until recently, when the salary issue stopped being the main point of the military agenda. Comprised of officers from the three Armed Forces branches, the EMFA, like the combined Armed Forces of several countries, suffers the pressure of the private interests of the Navy, Army, and Air Force. Officers who serve in the EMFA leave their branch temporarily and return to it two years later. Their origin and destination defines their interests and their two-year commission indicates the institutional priority given to long-term planning and actions. Such a situation does not place the EMFA in a comfortable position to make broad spectrum proposals to the president of the Republic. To tell the truth, this situation even makes the EMFA ignore its specific duty: To prepare a Brazilian military policy based on which the three Armed Forces branches should make their own individual plans. Between 1988 and 1994 the Berlin Wall fell, the USSR dissolved, the Persian Gulf war took place, and the Mercosur [Common Market of the South] was consolidated, but Brazilian military policy remains the same, except for a small amendment approved by President Itamar Franco.

The defense community has built so many bureaucratic and "cultural" walls that it became paralyzed by them. Like every hardened bureaucracy, it fears changes above everything, even those which plain common sense recommends as beneficial for the military institution. The presidency acts like an ostrich, sticking its head in a hole in order not to acknowledge the problem. As a result of congential and organizational defects, the SAE or the EMFA cultivate self-annulling actions. The three military ministries play their own autonomous tune, without worrying whether the vector of their efforts does not converge at same point. Meanwhile, Congress sleeps.

Brazil Suspends Gold Contracts on International Market

PY0702005396 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 6 Feb 96

[FBIS Translated Text] Brazil has suspended its gold transactions on the international market until further notice. The objective of the decision, which the Central Bank announced today, is to end speculation.

The Central Bank gives as its reason the suspicion that someone might be operating on the external market on behalf of Brazil.

Information supplied by the Central Bank shows there is no reason for speculation because Brazil is not a major operator in the futures market.

The local market continues to operate normally, because the suspension applies only to the international market.

Journalist Fredy Krause will now comment on our participation in the international gold market.

[Begin Krause recording] The Central Bank runs a board in Brasilia that operates on the international gold market. The board buys and sells gold on this market whenever it is advantageous for Brazil.

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In addition to its foreign currency reserves, Brazil also has gold reserves. It is a safe manner of keeping valuables.

Consequently, buying or selling gold on the international market means increasing or reducing gold reserves.

Such operations are not very significant because Brazil has little participation on the international gold market.

The objective of the temporary suspension on the external market seeks to end a speculative rumor involving Brazil.

The rumor states that Brazil reportedly wanted to buy 1,000 tonnes of gold, that is, almost 25 percent of the gold available on the international market.

The rumor was strong enough to make the price of a troy ounce of gold rise by $35, from $383 in November 1995 to $420 today.

The suspension may last for weeks, but it should have little effect on the local market, in which operations continue to be normal. [end recording]

Brazilian Groups PMDB, PFL Unite for Swift Budget Vote

PY0702172496 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Feb 96 p A7

[Article by Mara Bergamaschi]

[FBIS Translated Text] Brasilia — Due to a provisional measure quietly implemented by President Fernando Henrique Cardoso two weeks ago, the leaders of the Budget Joint Committee believe that the government is not interested in seeing the 1996 budget approved swiftly by the Congress. Worried about the need not to put the budget in the hands of the PSDB [Brazilian Social Democracy Party] in an electoral year, the PMDB [Brazilian Democratic Movement Party] and the PFL [Liberal Front Party] have, up to the end of the week, sought agreement to hasten voting on the budget bill. The president and the rapporteur of the Budget Joint Committee are members of the PMDB and the PFL.

Although the committee's president, Renan Calheiros (PDMB-AL) [PDMB—Alagoas], has already agreed with Deputy Ibere Ferreira (PFL-RN) [PFL-Rio Grande do Norte], who is the commitee's rapporteur general, that the final report will be ready before 15 February, it is expected that voting on the floor of Congress will only be held in March. The reason is that it takes some time to print the text and to conduct a technical check of the attachments that accompany the report. Deputy Fernando Diniz (MG) [Minas Gerais], who is PMDB coordinator for the committee, believes that "March is still a good date to approve the budget."

Convinced that in the final report an additional R450 million will be allocated to the Transportation Ministry, the PMDB — which had threatened to obstruct the voting if its demands were not met — is now willing to cooperate in order to prevent "something worse from happening." The PMDB and the PFL fear that, without the budget law, Planning Minister Jose Serra (PSDB) will end up with more power to decide how and where to spend the budgetary funds. The two parties also believe that, free from the pressure the amendments exert in Congress, the government would allocate resources only to the PSDB candidates for the 1996 municipal elections.

The government allies have seen these "dangers" in Provisional Measure 1287 [MP], dated 18 January. This measure, which was proposed by Ministers Serra and Malan (finance), authorizes the government to spend monthly, while the budget bill is being analyzed in Congress, a great deal more than the 1/12 established by law. "This is a more than evident sign that the government does not want the budget to be voted on," Deputy Diniz said.

Before the MP was implemented, in addition to the 1/12 that is allocated to the executive branch if voting on the budget is delayed, the laws in force allowed the government to spend money to pay for the salaries of public employees and social contributions, the servicing of the debt, the Social Security Ministry benefits, and public health expenses. The MP, however, has opened new exceptions, such as allowing expenditures for the distribution of basic food baskets, civil defense actions, the agrarian reform, and official credit operations. "Now, the government can do almost everything," Deputy Paulo Bernardo (PT-PR) [Workers Party-Parana], who is a member of the Budget Joint Committee, said.

Comments by members of the PSDB about the need for the committee to reestimate the budget revenue have been considered one more sign that the government is maneuvering to delay voting on the budget. Bernardo said: "Reestimating the revenue means spending three months to redraft the budget, and no member of the committee agrees to that. If the government has made a mistake, it should correct it."

The Planning Ministry, although it reiterated to the rapporteur general the need to readjust the budget, does not consider, officially, the possibility of reestimating the revenue, only of implementing cutbacks in expenditures. These cutbacks do not depend on Congress and, according to the government, will be implemented when the president sanctions the budget law.

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Brazilian CUT Leaders Back Social Security Talks

PY0602023796 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Feb 96 p A1

[FBIS Translated Text] Through the favorable vote of 66 delegates (of a total of 103 delegates in attendance), national leaders of the Sole Workers Center (CUT) yesterday decided to continue to negotiate the social security reform issue with the administration. In an official communique, the CUT leaders also conveyed support for the actions of CUT President Vicente Paulo da Silva (Vicentinho). Yet, 33 delegates representing radicalized CUT factions walked out of the meeting shouting that "the workers, not the national leaders, will ultimately decide." Vicentinho believes that, after 12 years, CUT has now adopted "a new concept of union action, one which promotes negotiations."

Social Security Minister Reinhold Stephanes and Labor Minister have expressed satisfaction over the CUT decision. Paiva regards the fact that three union organizations have come together to defend their common interests as an unprecedented event in the history of Brazil.

Several Brazilian States Unable To Meet Payroll Expenses

PY0602165596 Rio de Janeiro Rede Globo Television in Portuguese 1515 GMT 6 Feb 96

[FBIS Translated Excerpt] The judicial branch in Mato Grosso State is paralyzed, making it one more state with a penniless treasury. In Alagoas State, public offices authorized employees to work on a voluntary basis because salaries for November, December, and January have not arrived. Public employees of Espirito Santo State will receive their December salary today. Public employees of Minas Gerais and Pernambuco States have not yet received their Christmas bonus. Meanwhile, the Rio de Janeiro public employees will be paid their Christmas bonus today and tomorrow.

The Mato Grosso judicial branch employees have failed to receive their salaries for the past four months. Even judges were forced to stop working this week. [passage omitted] The Mato Grosso bar association and court want federal intervention in the state. [passage omitted]

[Begin Licinio Carpinelli, Mato Grosso Court president, recording] The situation of the judicial branch is in a state of calamity. It cannot be described otherwise. It is chaotic. How can a government branch remain without funds for four months? [end recording]

Mato Grosso Governor Dante de Oliveira is in Rio de Janeiro attempting to obtain funds from the National Bank for Economic and Social Development, BNDES. He had previously asked the federal administration for a loan but his petition was vetoed by the National Monetary Council. So far, 12 states have asked for funds from the National Treasury Help Program.

Brazil: Opposition Plans Social Security Bill Defeat

96SM0076A Rio de Janeiro JORNAL DO BRASIL in Portuguese 30 Jan 96

[Article by Eugenia Lopes: "Opposition Throws in the Towel"; introductory paragraph in italics as published — received via Internet]

[FBIS Translated Text] *The administration has the majority needed for approval of its social security bill by the special committee.*

Brasilia—Certain that they will be defeated on the special committee examining social security reform, the opposition parties have thrown in the towel and are going to focus their efforts on defeating the amendment in the full Chamber of Deputies. The opposition estimates that the administration has at least 18 votes on the special committee, while the opposition has 12 votes. With that favorable score, administration leaders have made preparations to begin passage of the amendment by the special committee today.

Social security reform was the main topic at a meeting held at Planalto Palace yesterday between Ministers Pedro Malan (Finance), Jose Serra (Planning), Paulo Paiva (Labor), Reinhold Stephanes (Social Security), and Clovis Carvalho (Civilian Household) and Secretary of the Presidency Eduardo Jorge, on the one hand, and President Fernando Henrique Cardoso, Vice President Marco Maciel, and the administration's leader and deputy leader in the Chamber of Deputies, Deputies Luiz Carlos Santos (PMDB [Brazilian Democratic Movement Party], Sao Paulo) and Arnalado Madeira (PSD [Democratic Social Party], Sao Paulo), on the other.

"The situation is very unfavorable for us on the special committee. The administration has more votes that we do, and besides that, it also has the support of the central unions," Deputy Paulo Paim (PT [Workers Party], Rio Grande do Sul) admitted yesterday. Planalto Palace has decided to put the administration's steamroller into action and bring the amendment up for a vote today regardless of the negotiations with the central unions and congressmen.

Vote

"Since the outlook for making headway in the talks is very poor, we must begin voting on the amendment tomorrow (today)," the administration's deputy

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leader, Deputy Arnaldo Madeira (PSDB [Brazilian Social Democracy Party], Sao Paulo) [variation in spelling of Madeira's name and his party affiliation as published] said yesterday just moments before meeting with President Fernando Henrique Cardoso and Vice President Marco Maciel to outline a strategy for winning passage of the reform in the Chamber of Deputies. According to the deputy leader's calculations, the administration had 19 votes on the special committee last week.

Lacking any other solution, the opposition will attempt to obstruct the start of the debate on reform, which is scheduled for 1800 hours. But it knows that its chances for preventing passage of the bill are remote. "It will start voting next week at the latest. And the administration is going to pass the amendment it wants. Many deputies who were formerly afraid to vote for the reform, especially since this is an election year, are now going to vote with the administration," said Paim.

The opposition believes it will be better able to exert pressure when the amendment reaches the plenary session. And it has already started working out its strategy together with the labor unions and the Interunion Congressional Advisory Department (DIAP) for defeating that amendment. The idea is to put up billboards in all the Brazilian capitals giving up-to-the-minute reports on how the deputies vote on social security reform. Also to be announced are the names of those deputies who vote with the administration. "At this moment, the only thing left for the opposition is to focus our fire on the plenary session," Paim argues.

The three central unions—the Sole Workers Central (CUT), Workers Force, and the General Workers Confederation (CGT)—are holding a new round of negotiations today with Ministers Reinhold Stephanes (Social Security) and Paulo Paiva (Labor) and the leaders of all the parties in the Chamber of Deputies.

The president of the CUT, Vicente Paulo da Silva ("Vicentinho") wants the start of voting on the social security amendment to be postponed for 30 days, but the parties supporting the government consider that ridiculous. "A period of one month is too long. Pressures of all kinds will pop up, and we will run the serious risk of having less agreement than we do today," says PFL [Liberal Front Party] leader Inocencio Oliveira (Pernambuco).

Besides the points already agreed on, the CUT wants the agreement to include three more items: continuation of the special retirement plan for university professors, prorated retirement for workers (after 25 years of service in the case of women and 30 years in the case of men), and full retirement for government employees with no minimum age being required.

Brazil: Polemic Over Social Security Reform Viewed

96SM0076B Sao Paulo GAZETA MERCANTIL in Portuguese 22 Jan 96 p A10

[Article by Sandra Nascimento: "Social Security Not Settled"]

[FBIS Translated Text] Brasilia—Talks concerning the validity and scope of the points agreed on by the government and the central unions with a view to passage of the social security reform will set the tone for negotiations on the subject in the National Congress this week. Pending a consensus guaranteeing victory in a plenary session, the government is trying to play for time.

A challenge presented by the rapporteur for the bill, Deputy Euler Ribeiro (PMDB [Brazilian Democratic Movement Party], Amazonas), in which he questioned the statement that part of his report was unconstitutional, will probably delay a vote on the report by the special committee until next week.

The point considered unconstitutional by the leadership in the Chamber of Deputies is the one imposing a social security tax on federal retirees. An identical bill was defeated last week by a vote of 306 to 124.

Meanwhile, the administration and the opposition are trying separately to assess the actual effects of the visit to Planalto Palace by Vicente Paulo da Silva ("Vicentinho"), president of the Sole Workers Center (CUT), to ratify by his presence the points agreed on with the administration.

So far, the administration obviously feels that it has won the first round. The allied leaders are celebrating the opposition's fury, seeing it as a major sign that they are right.

Political questions aside, the PT [Workers Party] and the CUT disagree on one crucial point: the establishment of retirement for time in service. "Vicentinho" says he has guarantees that "the method of proving eligibility will remain as it is today: a person who worked but lacks a labor card will be able to prove his eligibility administratively or in the courts," to use his words.

"That is definitely not the same thing," says Jacques Wagner (Bahia), the PT's leader in the Chamber of Deputies. "The method of proving eligibility will be established by regulatory law, which can easily be changed."

Obstacles to Reform

Retirement for "Time of Contribution"

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Under the agreement, workers will be able to retire after paying social security taxes for 35 years (men) or 30 years (women).

Problem: The PT and part of the CUT want things to remain as they are today: retirement for time in service (30 years for women and 35 years for men). They say that a change would harm workers in the informal economy and for those who rely on time spent in military service and in vocational schools, all of which are currently acceptable in qualifying for retirement.

Special Retirement

Under the agreement, special retirement plans will be abolished except in the case of teachers in the primary and secondary systems after they have paid social security taxes for 25 years (women) or 30 years (men).

Problem: The CUT will insist on special retirement for teachers in the university system.

Prorated Retirement

Under the agreement, prorated retirement will be abolished except in the case of individuals over 60 years of age, provided that they have paid social security taxes for 20 years.

Problem: At present, a worker can retire five years before completing his full time in service and draw reduced benefits. The CUT is expected to insist that this rule be retained or the agreement improved.

Government Employees

Under the agreement, benefit amounts remain the same, but requirements are established for granting those benefits: payment of social security taxes for 35 years and a minimum age of 55 years (men) or payment of social security taxes for 30 years and a minimum age of 50 years (women), plus a minimum of 10 years in the job (in all cases).

Problem: The CUT wants the minimum age requirement for obtaining one's full pension abolished.

Brazil: PT, CUT Clash Over Social Security Issue

96SM0076C Sao Paulo GAZETA MERCANTIL in Portuguese 22 Jan 96 pp A1, A10

[Article by Ana Florence: "PT Leaders Admit Need To Change Tactics"]

[FBIS Translated Text] Sao Paulo—Leaders of the Workers Party [PT] now admit that the policy of obstruction no longer works and that the party is headed for paralysis if it does not change its tactics and start presenting alternatives to the administration's proposals. The clash with the CUT [Sole Workers Center] in connection with the social security episode has revived the debate within the PT.

"The party is very divided internally. We are the minority in Congress and lack space in the media for making our proposals known," said Jose Dirceu, the PT's national president. That explanation is heard in a great many of the PT's factions. "We must retake the political initiative because we are entering the second phase of the reform," says Federal Deputy Jose Genoino of the party's more moderate faction.

Federal Deputy Jose Fortunatti (PT, Rio Grande do Sul), who is seeking nomination in Porto Alegre's mayoral race, is more incisive: "In 1994, when the party leadership was dominated by the orthodox left, the only task was to obstruct work. Now the PT has matured, but it often loses touch with reality over ideological issues," says the deputy, who is careful to emphasize that the opposition is the minority in Congress.

The ideological issue caused even more of an uproar during the episode with "Vicentinho." How could the party negotiate social security changes that might affect government employees and destroy a convincing party slogan in the mayoral races? And beyond that, how could "Vicentinho" ignore the party's ideology and declare independence? "There is no doubt that 'Vicentinho's' willingness to negotiate social security reform harms the opposition's action in Congress. It may harm the party in the election campaign," says political scientist Leoncio Martins Rodrigues. But in his opinion and that of several of his colleagues, the party will be unable to play an active role in Congress in the present circumstances unless it ignores those ideological differences. "The left has little room for maneuver. It will be the opposition only if it overcomes its internal split," says political scientist Bolivar Lamounier.

There are many defeats and inconsistencies in the party's past actions. "They voted against every privatization and lost. Federal Deputy Eduardo Jorge (PT, Sao Paulo) was criticized when he submitted an amendment to the bill on social security reform."

No Agreement With CUT

Sao Paulo—Beginning today, the Workers Party and the Sole Workers Center will try to defend in Congress and in dealings with the administration those issues they agree on in connection with social security reform. In that struggle, they will seek the support of the opposition parties in the National Congress. Disagreements between the two still exist, however. The PT is still harping on the need to keep retirement for time in service in the constitutional text. CUT leader Vicente Paulo da Silva is agreeable to seeing the expression "time in

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service" replaced by "time of contribution" in negotiations with the government. Such an agreement would require that the worker prove how long he had worked—including time worked without a labor card, meaning that social security taxes had not been deducted by his employer.

At this year's first meeting by the PT's National Board—held this weekend in Sao Paulo—the initiative taken by the CUT in negotiating with the government and upsetting talks with the PT was the main topic of discussion despite a lengthy planned agenda.

Yesterday, after releasing an official memo from the party board declaring the CUT's autonomy in negotiations with the government regardless of the stands taken by the party, the PT's national president himself, Jose Dirceu, even stated that if the report by Euler Ribeiro (PMDB [Brazilian Democratic Movement Party], Amazonas), rapporteur for the bill in Congress, did not retain "retirement for time in service" in the constitutional text, the CUT would break off negotiations with the government.

That is not exactly true. When consulted by this newspaper following the statements by Jose Dirceu, "Vicentinho" again said that as he interpreted things, there was no problem with replacing "retirement for time in service" with "retirement for time of contribution" if employees could legally prove how long they had worked. In the union leader's opinion, it is simply an inconsequential matter of semantics. He admits, however, that negotiations with the government must be conducted with extreme care.

Despite that disagreement, the national board made an effort at the meeting, which was attended on Saturday by "Vicentinho" and several central union leaders belonging to the PT, to smooth matters over and put an end to the quarrel between the two. The board also reformulated a plan for the political offensive following negotiations among the central unions, which, in the view of many of those in the party, merely served to strengthen the government. "We wasted a penalty; now we will have to make up for the damage," said Marcio Aurelio Garcia, the PT's secretary for international relations.

Chile

Chile Reacts To UN Report on Cases of Torture

PY0802122796 Santiago Universidad Catolica Television Internacional in Spanish 0000 GMT 8 Feb 96

[Speakers identified by screen caption]

[FBIS Translated Excerpt] The government has explained that torture in Chile is not commonly practiced, and that there are only isolated cases that are duly punished.

The government authorities down played the significance of the UN report stating that torture is practiced in Chile. Carabineros said that the report represents an affront to the institution's honor.

Yesterday the UN Human Rights Commission issued a report noting that in Chile delinquents or suspect witnesses are still tortured by police agents, especially by Carabineros.

The report, drafted by (Nigel Roddly), also blames many judges for turning a blind eye to reports on cases of ill-treatment. In view of this, it proposes solutions such as making Carabineros solely subject to the Interior Ministry, and sanctioning those judges who promote ill-treatment by placing arrested people in incommunicado status.

This issue was discussed at La Moneda today. Government spokesman [Jose Joaquin Brunner] said that the state of law prevails in Chile and that the cases of torture mentioned were opportunely reported:

[Begin Brunner recording, in progress] ...arrested and is punished when it happens. It is not a common practice, nor is it protected or tolerated by the investigative police or Carabineros. Therefore, the Chilean Government is not concerned over these sorts of reports because they have no significance or importance regarding the subjects they refer to and about which we have already stated our opinion. [end recording]

Brunner asserted that representatives of international organizations have no right to make recommendations regarding national issues such as the need for Carabineros to no longer be subject to two institutions.

The president of the Supreme Court upheld the integrity of the judges and urged the United Nations to endorse its report on cases of torture with evidence. [passage omitted]

Moreover, Foreign Minister Jose Miguel Insulza termed exaggerated the reports criticizing Carabineros' performance:

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[Begin Insulza recording] Merely on the basis of a few isolated cases, I believe it exaggerated and unfair that an institution such as Carabineros — an institution with much prestige and a much higher degree of professionalism than many other police forces in the world — is criticized. [end recording]

In the meantime, the Carabineros Directorate General issued a communique terming the UN report groundless and stating that it gratuitously stains the honor of the institution. The communique ends by reiterating Carabineros commitment to peace and national security.

Senator Claims Existence of Chilean Money Laundering

PY0802232496 Santiago LA TERCERA DE LA HORA in Spanish 8 Feb 96 p 6

[Claudia Cento T.]

[FBIS Translated Excerpt] Senator Sergio Bitar, of the Party for Democracy (PPD), wondered: "Is drug money really laundered in Chile?" His answer was: "Based on the State Defense Council report it obviously is." He then asked: "How much?" "Although we do not know how much, it could be at least 1 percent of the $500 billion drug traffickers move per year throughout the world, that is, $500 million."

In view of this and to prevent corruption, which runs parallel to drug trafficking, from taking over the country, Senator Bitar announced he will submit two amendments to the banking law which he explained to acting Interior Minister Belisario Velasco on 7 February.

The first amendment proposes reopening the system by which foreign exchange operations are registered and, second, that banks must report any "suspicious" financial operation.

Bitar explained that, thus, "any foreign exchange operation involving more than $10 billion should be registered with a receipt issued by the Tax Revenue Office, citing the name of the person carrying out the transaction, his RUT [Centralized Taxpayer Registry], and the origin of the money."

The other amendment refers to the requirement that the banks report any financial operation they may deem suspicious to the National Defense Council that it is in charge of investigating this sort of crime, so that the corresponding actions can be taken. [passage omitted]

Colombia

Colombian Official Refutes Charges Against Samper

PA0802145096 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1230 GMT 8 Feb 96

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] Santa Fe de Bogota — At the Chamber of Representatives, Interior Minister Horacio Serpa Uribe has refuted the charges made against President Samper by Santiago Medina and Senator Maria Izquierdo. Serpa has alluded to what he called contradictions incurred by critics of the current administration.

Colombia: High Interest Rates Predicted To Continue

96SM0089A Santa Fe de Bogota EL TIEMPO in Spanish 6 Feb 96

[Article by staff writer Jacqueline Guevara G. — received via Internet]

[FBIS Translated Text] *Camacol [Colombian Construction Board] claims that one of the factors depressing the sector is high interest rates. Three years ago, 33 percent was being paid annually for a housing loan, and now, up to 44 percent is being paid.*

In 1996, high interest rates will continue to be a scourge for business owners, housing credit debtors, and all those desiring to obtain a loan.

Although the government insists that, during this year, interest rates will be under control, and will not show an excessive upsurge, the private sector is not quite convinced of this.

And the fact is that interest rates continue to be one of the main causes of concern, considering the fact that they are raising the costs of many business firms, deterring the purchase of housing by many families, and, generally, striking at the pocketbooks of credit users.

According to the chairman of the Colombian Construction Board, Alberto Vasquez Restrepo, interest rates 20 points above inflation are unreasonable, constituting one of the economy's main problems, and one of the factors contributing most to the slowdown in construction.

In fact, interest rates average 44 percent annually, more than double the inflation rate, which has stood at 20 percent during the past 12 months.

One of the indicators making it possible to expect that the interest rate may continue to rise is the increase in the interbank rate (for loans made between banks),

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which climbed to an annual effective rate of 41 percent yesterday. This proves that there are symptoms of a lack of liquidity in the financial system again.

Many firms that have entered into an arrangement between insolvent and creditors have blamed the high financing costs for their problems. Furthermore, to compensate for the rise in interest rates, the productive sector is passing on these costs to consumers of their goods or services.

The negative effect is obvious in the case of the construction sector. Whereas, in 1992, an owner of income housing was being charged an average of 33 percent annually (interest plus adjustment for currency devaluation) for the credit granted by a corporation, these costs now exceed 44 percent.

For Evaluation

At a meeting held last week between the National Council of Business Associations [CNG] and Finance Minister Guillermo Perry Rubio, the issue of high interest rates was debated, and it was agreed to make an evaluation.

Vasquez Restrepo noted that he had asked the minister to form a group consisting of the government, the monetary authority, and the private sector, to conduct an in-depth study of the causes of the high interest rates and the means of curbing them.

Perry admitted that it had been impossible to find a solution for the high cost of credit, stressing that a suitable level would be seven or eight points above inflation for rates on deposits: that is, the rates granted to savers, which have now reached as high as 34 percent.

Nevertheless, no consideration was given to the topic of an administrative intervention in interest rates, a measure that had been put into effect last year, because it was viewed as not solving the medium and long-term problem.

According to the Central Bank co-director, Maria Mercedes Cuellar, interest rates should begin to decline, but it all depends on how public finances and the exchange rate perform. A policy of austerity would contribute greatly to serving this purpose.

Nevertheless, the chairman of the National Association of Financial Institutions (ANIF), Javier Fernandez Riva, is of the opinion that, unless the Central Bank modifies its interest rates policy, something that it will not do before inflation declines, lending rates will not drop below 40 percent.

And the fact is that this is an instrument available to the bank for curbing consumption and, through this expedient, removing the pressure on the rise in the cost of living.

Colombia: Continuing Crisis, Sarria Murder Discussed

96SM0090A Santa Fe de Bogota EL TIEMPO in Spanish 4 Feb 96 p 4A

[Commentary by Enrique Santos Calderon: "Samper's Second Wind"]

[FBIS Translated Text] I can find no better metaphor than that of boxing to try to explain what is happening. In a fight that he is losing by points, in which he almost suffered a final knockout last week, Samper has gained a second wind.

The right hook dealt him by Botero was devastating. It left him reeling ("groggy," as they say in boxing slang), and sent him to the mat. However, he managed to get up before the final count, and reached his corner, from which he emerged staggering, but standing, for the next attack.

Faced with the increased jeering from an an audience that thinks he should have left the ring after Botero's blow, Samper claims that he will not throw in the towel before the final bell, and demands to be allowed to defend himself: but in a different ring, where he moves better and can count on his own fans.

The rules of the ring allow him this, and that is how a beaten boxer, who was on the ropes, has succeeded not only in changing the scenario of the fight, but also in having available friendly referees, who have already voted for him in the past. And, taking advantage of this second wind, he is filling the arena with his followers, brought in from all over the country on buses and official vans.

The underlying question is still whether Samper, realizing that he cannot win, is seeking to avoid the humiliation of leaving by the fast route (a knockout), so as to reach the final attack in any way possible, and to accept the more dignified decision of a defeat on points. Or whether what he is seeking, by bribing referees and manipulating the public, is to be declared the big winner at the end of the gory encounter.

If this happens, I do not even want to imagine the brawl that would break out among the spectators, nor the irreparable damage that the arena would suffer. Nor can I believe that, even if he manages to fix the decision, Samper does not realize that he must hang up the gloves after a fight in which the number and force of the blows received have left him incapacitated to continue in office.

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And so much for boxing.

The crisis of the Samper government is filled with messages and lessons. It has been, and still is, a unique thermometer for gauging the temperature and mood of individuals, trade associations, and institutions, to learn how they behave in difficult situations.

There are few circumstances which, like those of the present, affect and involve an entire society, even if not all its members are aware of it or are willing to accept it. They affect it because they are related to the direction that the country might take, and also to the principles that must govern this society, and, in particular, the persons governing it.

Therefore, reactions and behavior on both sides appear more clearly defined at times like the present. All passions erupt in such crises: both good and bad. And we have seen all kinds: opportunism, vacillation, daring, character, loyalty, desertion, nobility, and animosity; the bitterness of those who were mistaken, the vanity of those who were correct, and the brazenness of those who float whichever way the wind blows.

We have seen those who know how to withdraw when it comes to a government in which they can no longer believe, those who do so inopportunely, and those who fail to do so, out of personal loyalties or shameless attachment to the emoluments of power. And, of course, those who have come to enjoy their quarter of an hour.

We have seen those who understood the ethical and political background of the issue in time, and made it known; those who, out of naivete, blindness, or indifference, do not understand it; and those who, understanding it, prefer to get by cowering and betting on all the options.

We have seen political movements that are maintaining their shares of bureaucracy until the final hour, the unyielding economic groups, the weak, and those who will never admit a mistake and will always put their own interests ahead of the common good. The newspapers which yesterday carried headlines that appeared as though written by the president's attorney are today suggesting resignations and printing timely bucolic articles on the vice president's native town. The leftists who, out of insolence or opportunism, believe that they can fish in troubled waters.

We have seen everything, and much more still remains to be seen.

There was great fear that, amid the rarified atmosphere of tensions and threats surrounding the political crisis being experienced by the country, another act of violence might occur that would upset public opinion. The murder of Elizabeth Montoya de Sarria, the sadly famous "charming blonde," has been a tragic confirmation of this fear.

But, unlike the attack against the attorney Cancino, or the murder of Alvaro Gomez Hurtado, the death of Elizabeth de Sarria does not appear to seek the effects of a general destabilization implied by the previous attacks, attributed to the phantasmagoric group, "Dignity for Colombia."

There is every indication that more specific objectives are behind this murder: quite possibly, that of silencing the one who, according to Santiago Medina's unsworn statement, played a very active role in the procurement of funds for President Samper's campaign.

Wife of the ex-policeman, Jesus Sarria, now confined in the El Barne prison, Elizabeth Montoya was wanted by the Prosecutor General's Office, and was considered a key witness in the proceedings on the entry of "narco-money" into the presidential campaign. Her murder is a somber reiteration of all the sordidness, concealment, and violence brought on by a long crisis that has the country polarized and perplexed: one that has not yet touched bottom.

Ecuador

Ecuadoran President Fires Police Chief

PY0802125696 Madrid EFE in Spanish
2157 GMT 7 Feb 96

[FBIS Translated Text] Quito, 7 Feb (EFE) — President Sixto Duran-Ballen today fired Police Commander General Miguel Rosero in accordance with a request from the Supreme Court calling for an explanation of why people allegedly involved in corruption have not been arrested.

Duran-Ballen, who did not explain his unexpected decision, ordered Police Under Secretary General Marco Hinojosa to take over as police chief immediately. Hinojosa was immediately installed by Government Minister Xavier Ledesma Ginatta.

In the last few hours, the Supreme Court asked Rosero, who was still police chief, for explanations concerning arrest warrants that were not carried out, such as the one against ex-Vice President Alberto Dahik, who escaped to Costa Rica on 11 October 1995.

A television video showed Dahik's car on the way to the airport escorted by police officers when, eight hours earlier the Supreme Court president ordered his arrest.

Moreover, the police were not able to capture ex-Foreign Minister Diego Paredes and Dahik's secretaries

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Gladis Merchan and Mario Crespo despite the orders given by the Supreme Court.

Dahik has been accused of corruption in the management of the discretionary funds of the vice presidency which were appropriated for national security.

German Firm Received Money From Ecuadoran Funds

PY0802200096 Quito Voz de Los Andes in Spanish 1700 GMT 8 Feb 96

[FBIS Translated Text] Former Ecuadoran Vice President Alberto Dahik, who has been accused of malfeasance, donated $10,000 of the discretionary funds of the Vice Presidency to a German organization that fights corruption.

According to a report by accounting experts on the use of the discretionary funds delivered to the Supreme Court, Peter Eigen, president of International Transparency, received $10,000 from one of the secret accounts of the vice presidency. Dahik was president of the consultative council of this organization from its foundation in May 1993 until 2 September 1995.

International Transparency is a nongovernment organization which is trying to create a coalition of developed and developing countries against corruption in international transactions.

Ecuador: IDB Finances Peasant, Indian Projects

96SM0078A Quito HOY in Spanish 30 Jan 96

[Received via Internet]

[FBIS Translated Text] Guayaquil—The Inter-American Development Bank (IDB) has authorized grant financing of $2,007,000 to three peasant and Native American organizations in Ecuador to diversify agricultural production and improve their levels of income.

The funds, coming from the Swedish Trust Fund for Financing Small Projects, will provide grants of $675,000 each to the Provincial Federation of Autonomous, Agricultural Workers of Chimborazo (FEPTACH); the Interprovincial Federation of Shuar-Achuar (FICSHA); and the Confederation of Native American Nationalities in the Amazon Area of Ecuador (CONFENAIE). The IDB explained that these three organizations will each carry out projects which "will generate and consolidate economic opportunities for low income people in their areas of operation, increasing the coverage, quality, and effectiveness of the support services which they provide" to their members.

Sources consulted added that by making these services sustainable over the longer term the IDB financing will help to improve the levels of income of these communities.

Ecuador: Border Town Awaits Economic Rehabilitation

96SM0078B Quito EL COMERCIO in Spanish 18 Jan 96 p E1

[Article by Aldo Valarezo]

[FBIS Translated Text] Machala, Ecuadoradio—The daily scene in Huaquillas makes one think that nothing has happened here. People, pushcarts, handcarts, and vehicles cross the border in long lines over the international bridge to Aguas Verdes [Peru]. There is also a constant, informal trade between the banks of the canal which separates these two cities along the border between Ecuador and Peru.

Nevertheless, businessmen on both sides of the Western border between Ecuador and Peru are hoping for a recovery of business in the area. Apart from the profitable time between Christmas and New Year's, trade has not recovered.

More than anyone else, the businessmen know the consequences and hope for a climate of peace to make up for the time lost after the inactivity which lasted for several months during 1995. The area most affected by the conflict a year ago between Ecuador and Peru was Huaquillas, since, above all, it lives on trading goods with people living North of their neighbors in Peru.

About 80 percent of the 40,000 or so people who live in Huaquillas, among the stables and rafts, are involved in this kind of trade. They were left with nothing to do because of the closing of the border for six months, from 29 January to 8 June 1995. It was on 8 June that the border was opened unilaterally by Ecuador.

The Peruvian decision on 4 September to reopen its side of the border and subsequent obstacles to normal trade, plus the unkept promises of the national government to enact special laws to reactivate trade and defend the interests of the border areas, have delayed economic recovery.

Furthermore, between January and April 1996 it is anticipated that there will be a relative stagnation in sales, due to the vacation period of schools and colleges in Ecuador and Peru. Huaquillan optimists believe that, beginning in May, trade will increase.

It is noted that the products covered in the Bilateral Trade Agreement, signed in 1992 and ratified on 13 December 1995, have no difficulty entering Peru, provided

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that trade documentation is in order. These products include processed goods, such as crackers and candies, clothing, and domestic implements, or primary products such as lengths of bamboo.

It is the informal trade which continues to meet with serious problems. The Peruvian authorities apply draconian controls on smuggled goods, unless the goods are mentioned in the list attached to the Bilateral Trade Agreement of 1992. This has some impact, since, as a result, a number of potential, Peruvian customers do not go to Huaquillas, Ecuador. Basically, those engaged in this informal trade know that it is better to pay taxes to the authorities rather than to let their products go unsold. However, they do not practice what they preach. They do not use the designated export and import forms.

In view of this situation the debts owed by businessmen go unpaid. The private banks certainly understand this. They understand that we are trying to emerge from a period of crisis and, therefore, no legal action is taken to collect unpaid bills. This was stated by Angel Jumbo, the president of the Huaquillas Chamber of Commerce.

Nevertheless, this attitude is in contrast with that of companies producing candy, such as La Perla Orense and Codanex, which have done what they could to obtain payment for the loans which they have extended.

Unfortunately, the problem of delays in paying bills does not apply only to businessmen. About 25 percent of the businessmen, farmers, and skilled craftsmen owe the Banco de Fomento [Development Bank] about 1.0 billion sucres. This bank is also bringing civil suit to recover debts, according to sources related to these businessmen.

Angel Jumbo, of the Huaquillas Chamber of Commerce, has demanded the implementation of an Emergency Law for the border areas, since it provides for loans for periods of 10 years, with 50 percent subsidies on interest rates. It is not known whether the regulation to implement this law has been issued.

In Jumbo's view, there is nothing particularly attractive about accepting loans from the National Finance Corporation, an institution through which the Ecuadoran Government has offered 30 billion sucres to reactivate the economy of the border area. This is due to "the burdensome paperwork and the 56 percent interest rate, which is almost as high as that charged by private banks." Businessmen along the border demand preferential treatment and adequate incentives such as those which producers and exporters have. The producers and exporters have been exempted from payment of the 10 percent value-added tax (VAT) and pay no taxes at all on the import of production inputs.

Neither do they agree with the reforms in the tax law, "because the law is impractical. You cannot send bills to Peruvian businessmen." Jumbo announced that because of all of this the Chambers of Commerce of Huaquillas, Zapotillo, and Macara are considering taking practical measures "as a protest against inequalities and for the application of the Law on Border Profits."

However, the crisis does not only involve the businessmen of the formal or informal sectors. The border problem at the beginning of 1995 had the effect of paralyzing a promising business: the fish processing plant which was set up in Huaquillas in 1994.

More than 1,000 persons found work in this plant and were processing 20 tons a day of Pinchagua, a variety of fish which was brought across the border from Peru.

The reactivation of the fish processing industry is also marking time. It could generate sources of jobs for the people living in the outlying areas of the city.

100 Meters of Red Tape

People living along the border in Huaquillas do not only have problems with the economy and jobs. There are also problems due to unhealthy and dirty conditions in the international canal which serves as a border between Ecuador and Peru.

David Correa, director of the Huaquillas Hospital, says that every year there is an outbreak of malaria in the city. Campaigns against malaria have been undertaken, but it is difficult to achieve positive results, "because of the large, floating population and the lack of cooperation."

There are tons of garbage in a space of no more than 100 meters of canal. The water of the canal has a putrid smell. Tin cans, boxes, paper, rubbish, and all kinds of solid waste are thrown into the canal.

In view of the fact that the small amount of water which runs through the canal at this time of year has been cut off, on 12 January a program to clean up the canal was begun, thanks to an agreement between the municipalities of Aguas Verdes and Huaquillas. It is estimated that the work will be completed on 19 January.

Gonzalo Cardenas, municipal president of Huaquillas, and Tomas Arrizola Oyola, the mayor of Aguas Verdes, have set teams to work, using rubbish containers and backhoes, on both sides of the canal. However, within two months the same problem will be back, if the work is halted. Therefore, it is necessary to carry on joint tasks to implement binational agreements on health and environmental cleanliness.

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Peru

Peruvian Terrorists Ambush Army Patrol, Kill 13 Soldiers

PY0902025196 Lima America Television Network in Spanish 0100 GMT 9 Feb 96

[FBIS Translated Text] The chief of the Political-Military Command of the Huallaga Front reported that at about 1030 today an Army patrol consisting of two vehicles was attacked by terrorists with rocket-launcher grenades in the Cucaracha sector, Tocache Province, San Martin Department.

As a result of the attack, 13 soldiers and two civilians who were with the troops were killed, and five were wounded, including an Army second lieutenant. The bodies will be taken to their homes. The Army command ordered a search for the terrorists and called on the population to double their support to secure the peace of the area as soon as possible.

Peruvian Papers: Ecuador 'Seeks To Avoid' Debate

PY0802170396 Madrid EFE in Spanish 1623 GMT 7 Feb 96

[FBIS Translated Excerpt] Lima — Lima newspapers today claim that Ecuador seeks to avoid the debate on its basic disagreements with Peru. They also note that the meeting between the Peruvian and Ecuadoran foreign ministers, which is scheduled for 22-23 February in Quito, will focus on the arms race issue. [passage omitted].

The daily EXPRESO reported on 7 February that at this meeting, the Ecuadoran negotiators "will try to divert the debate away from basic issues by highlighting the exchange of information on arms purchases as a main topic."

The Lima daily quotes military sources as saying: "The issue of arms purchases is important, but it should be dealt with within the context of regional disarmament and openness regarding the purchase of military equipment."

EXPRESO notes that the debate on the purchase of weapons is nothing new, adding that the two countries already discussed it in 1967 "although the parties' compliance with their commitments has not been equal."

The daily states: "Peru has reported its purchase to the UN Conventional Weapons Registry for the past eight years, while Ecuador sent a single report in 1994 saying it did not purchase anything that year." [passage omitted]

Uruguay

Uruguay: U.S. Puts 'Tremendous Pressure' on Colombia

PY0802024096 Montevideo EL OBSERVADOR in Spanish 29 Jan 96 p 19

[Commentary by Martin Sarthou: "Neither Dignity Nor Coherence"]

[FBIS Translated Text] Suddenly last week, on two occasions, the Colombian television screens and those of the world, through the international networks, were filled with the images of [former Defense Minister] Fernando Botero Zea and [former Samper campaign treasurer] Santiago Medina in their places of detention, from where they made public President Ernesto Samper's alleged links with the Cali cartel.

The two men gave precise details of the apparently secret meetings that Samper had with the Rodriguez Orejuela brothers, their joint deals, and they charged that the president managed the operation that resulted in $6 million from drug trafficking going into the coffers of the Liberal Party's formula: "Samper-[Humberto] De La Calle, Dignity and Coherence."

The way that Colombia is waging its own war against drug trafficking is an internal affair.

But the Clinton administration does not think the same way.

Approximately 85 percent of the Cali cartel's cocaine ends up in the United States, where 80 percent of the drugs that are sold illegally come from Colombia. That's really something.

During the past two years the U.S. pressure on the Colombian Government has been tremendous, and the DEA and the CIA have intensified their actions in Cali, Medellin, and Bogota.

What is the use of the Samper administration doing away with the Cali cartel leadership if just one month afterward the obscure details of their preelection partnership are made known, and if in addition it is discovered that the Rodriguez Orejuela brothers operate a publishing house and continue to manage their businesses from prison?

The escape of Santacruz Londono, another of the Cali cartel bosses, from a top security prison "disguised as a prosecutor" was the last straw for the United States.

If the CIA chief himself, John Deutch, travels personally to Bogota, Cali, and Medellin with an agenda and a suitcase full of mysteries, then the only message for the

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Colombian Government is that the U.S. Government will no longer tolerate the situation.

And two weeks later on CNN, Botero and Medina tell the world the story that everybody knows already.

Samper, within his labyrinth, is trying to seek a way to emerge unharmed from the scandal that is rocking Colombia.

Yes, the same country to which he promised dignity and coherence.

Uruguayan Defense Minister: No Armed Forces Disunity

PY0502140096 Montevideo EL OBSERVADOR in Spanish 23 Jan 96 p 6

[FBIS Translated Excerpt] Defense Minister Raul Iturria did not want to discuss the existence of lodges in the Armed Forces until he answers a request for information from some congressmen. He stated that the document of General Juan Curutchet, Army commander in chief, is "proof that there is no disunity within the Armed Forces." [passage omitted]

He added that the document drafted by Curutchet was signed by all the generals. It expressed support for General Raul Mermot, who will take over as head of the Army in February, and is "proof that there is no disunity within the Army."

Iturria said the document shows that "the generals, within a relationship that is good and correct, support the system under which generals are chosen and the way commanders in chief are nominated." The civilian society can be "sure the Armed Forces are the custodians of the legal system, that they support it, and that they calmly and reflexively respond to the republican and democratic system upon which the government is based." [passage omitted]

Venezuela

'Violent' Protests in Venezuela Before Pope's Visit

PA0902043196 Madrid EFE in Spanish 0025 GMT 9 Feb 96

[FBIS Translated Text] Caracas, 8 Feb (EFE) — The violent protests that Venezuelan students have been staging for the past two weeks against the government's economic policies continued today in several parts of the country on the eve of Pope John Paul II's visit.

In Caracas, where the intensity of the demonstrations decreased in comparison with previous days, Central University of Venezuela students seized a truck of a services enterprise and set it on fire in a downtown square.

At the entrance of the university, the students clashed with the police for more than four hours, and the transit of vehicles through a central zone of the capital was obstructed.

There were demonstrations and clashes between policemen and students in the cities of Valencia, in the country's central region, and in Barcelona and Puerto La Cruz, on the eastern part of Venezuela.

The demonstrations began following the announcement of the approval, this Wednesday, of approximately a 50-percent increase in the minimum salary, which the labor unions rejected as insufficient.

Police authorities have affirmed that tomorrow, Friday, when the pope begins his 48-hour visit to the country, extreme security measures will be adopted to keep student protests from disrupting the visit.

Venezuela To Approve Decree Increasing Minimum Wage

PA0802143296 Caracas Venezolana de Television Network in Spanish 1545 GMT 7 Feb 96

[Passages within quotation marks are recorded]

[FBIS Translated Text] In a Council of Ministers meeting today, the government will approve a decree increasing the minimum wage in varying amounts for public and private sector employees. The information was provided by Labor Minister Juan Nepomuceno Garrido at Miraflores Palace on 6 February following a meeting with President Rafael Caldera, Finance Minister Luis Raul Matos Azocar, Federico Ramirez Leon, president of the CTV [Venezuelan Workers Confederation], and Julian Viera, acting president of Fedindustrias [Federation of Industries]:

[Garrido] "The situation of public sector employees is different from that of private sector employees. For example, in the private sector you have a minimum wage of 15,000 bolivares, and in the public sector you have a minimum wage of 22,500 bolivares for workers. The treatment has to be a different one."

Meanwhile, CTV President Federico Ramirez Leon said he hopes the minimum wage increase that should be announced today will not lead to an increase in the prices of goods and services. He said he hopes the salary increase, including food and transportation bonds, will reach 61,000 bolivares, which is the cost of the family basket:

[Ramirez] "We hope the salary increases will be adjusted to inflation levels; that would be the desirable thing to do, but we also know it could turn into a stimulus to continue with an endless inflation race, which is

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one of the worst evils we must all help fight, but this is not going be done in a month or a year. The president must also draft certain overall economic policies that can generate confidence and investments in the country."

Meanwhile, the private sector, represented by Fedindustrias, stated that the government is trying to impose its argument of two types of increases:

[Vieira] "It is important for the state, the biggest employer, not to create distortions by creating two salaries, one in the public and one in the private sector, because it is very difficult to generate confidence this way. We cannot tighten one sector's belt more than others."

Venezuelan Public Workers Begin Indefinite Strike

PA0902041896 Caracas ECONOMIA HOY in Spanish 7 Feb 96 p 3

[FBIS Translated Text] Carlos Borges, president of the National Federation of Public Employees [Federacion Nacional de Empleados Publicos] said today that approximately 700,000 public employees will go on general strike for an indefinite period of time.

The implementation of new labor regulations, which the workers believe jeopardizes collective bargaining and the right to strike as established in the Labor Code, has triggered this decision.

Borges made the statement yesterday before a mass meeting held in Caracas plaza. He noted the workers have been picketing since 31 January, and because the Labor Minister refuses to resolve the situation, they will be forced to go on general strike.

Borges rejected Garrido's allegations of illegal strike saying that a controversial document was issued in the first half of January.

Garrido, on the other hand, said no agreements have been reached; nevertheless, any strike will be illegal, as the deadline to declare it is not over yet.

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